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American Petroleum Institute
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Monthly Statistical Report

Finance, Accounting, and Statistics Department

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SUMMARY

Year-to-year gains in total deliveries returned in April after being interrupted by March's decline. Total deliveries rose 2.6 percent for the month, with a substantial decline for residual fuel oil deliveries partially masking reasonably strong growth for most other major products. Our estimate of underlying growth in consumption so far this year of close to 3 percent, net of weather effects, still appears reasonable.

Both gasoline and distillate deliveries turned positive again after declining in March. Gasoline deliveries rose 2.2 percent in April, and distillate deliveries, 4.6 percent versus a year ago, both increases being not too far out of line with estimated consumption trends. For kerosine jet fuel, deliveries jumped 9.7 percent, at least partly because of the military phaseout of naphtha jet on the East and Gulf coasts which officially got under way in April. But for the first time in six months, residual fuel oil deliveries declined. The 15 percent drop followed a first quarter increase of over 20 percent.

Domestic crude oil production fell 3.8 percent, or about 260 thousand B/D, in April versus a year ago. Technical problems on the North Slope contributed to a nearly 6 percent decline for Alaska, while lower 48 output dropped close to 165 thousand B/D, or more than 3 percent.

With the less-than-seasonal increase in inventories for April, imports continued to trend upward more slowly than actual underlying requirements. For April, total imports increased 5.8 percent year to year to over 8.8 million B/D. Although actual imports accounted for 48 percent of domestic deliveries for the first four months of 1994, netting out the inventory draw would have boosted the percentage to 52 percent.

Refinery activity returned to high levels in April after a brief pause in March. Utilization of capacity, at 92.5 percent, reached its highest rate in seven months and also exceeded last April's 91.0 percent. Input to distillation units rose 1 percent over a year ago.

Between the end of March and the end of April, total inventories rose 5 million barrels—about 10 million barrels less than average for the month. As a result, total inventories, at 975 million barrels, continued near their lowest level in 20 years. Much of this was due to lower estimated stock levels for "other oils". Crude stocks, though down 12 million barrels from a year ago, were, at 338 million barrels, up by 7 million barrels from their recent February low. Gasoline stocks were only slightly below average, while distillate stocks were higher than in recent past Aprils. This was due in part to the need to segregate high- and low-sulfur diesel grades, which has likely increased minimum operating inventories.

PRODUCT SUPPLIED

Gasoline

MARCH'S DECLINE REVERSED IN APRIL. In April, gasoline deliveries returned to the pattern of year-to-year increases that had been temporarily broken with March's decline. Deliveries rose 2.2 percent for the month and 1.5 percent for the year to date. With the EPA-initiated winter oxygenate season past, deliveries of oxygenated gasoline amounted to about 1.2 million B/D for the month, less than half the January peak of over 2.5 million B/D.

Recently-released data on travel during February confirm that January's half percent, year-to-year decline in miles traveled was due more to the severe winter weather than to a genuine change in trend. February travel increased over 3 percent from the year-earlier period, more in line with previous year-to-year increases. Still, with the apparent strengthening of the economic recovery, February's increase was a bit less than might have been expected. Nevertheless, it seems unlikely that there has been a slackening in the trend in travel; data for March and April, which would help to clarify this, are as yet unavailable.

Distillate Fuel Oil

UP 4.6 PERCENT DESPITE WARMER WEATHER. If there had been any doubt about the strength of distillate fuel oil demand in March, when deliveries had declined slightly from year-ago levels, it was easily dispelled by April's 4.6 percent deliveries increase. The rise came

API ESTIMATES

	APRIL		YEAR-TO-DATE	
	Million B/D	Percent Change	Million B/D	Percent Change
Total domestic deliveries	17.1	2.6	17.7	4.2
Crude production	6.6	(3.8)	6.7	(2.6)
Total imports	8.9	5.8	8.4	3.6
Stocks (million bbl)	975	(5.3)	na	na

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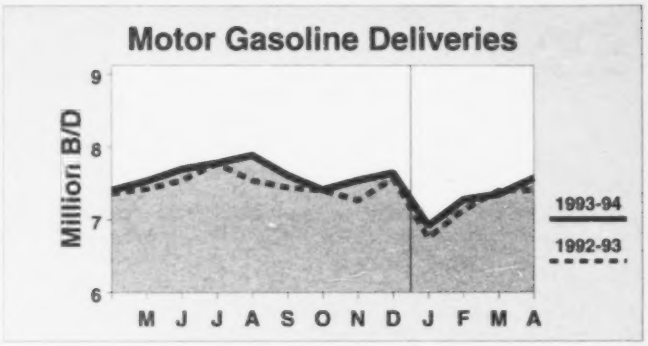
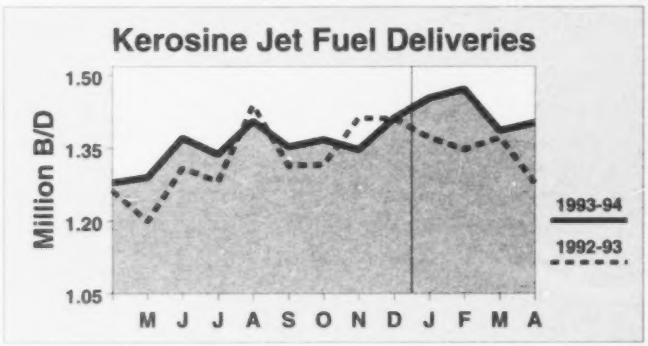




despite milder weather this April than last. Weather which averaged about 15 percent warmer nationally than a year ago would have been expected to dampen heating oil demand modestly, even at the tail-end of the heating season.

April's growth in distillate deliveries can thus be attributed essentially to stronger transportation demand. Highway freight demand, which we estimated had been growing at 3 to 4 percent, may have been modestly reduced by trucking strikes, but rail demand continued to grow at about a 5 percent rate in April. This figure includes rail transport of intermodal containers and trailers, which have grown at a more than 10 percent rate so far this year.

Deliveries of high-sulfur distillate dropped to 1.3 million B/D in April from about 2.0 million B/D at the peak of the winter season, reflecting the decline in heating demand. As a result, low-sulfur diesel accounted for nearly 57 percent of deliveries in April, its highest share since the EPA rule went into effect last October.

Kerosine Jet Fuel

MILITARY SWITCH CONTRIBUTES TO APRIL'S INCREASE.

With little if any real growth in miles flown so far this year, deliveries of kerosine jet fuel nevertheless jumped nearly 10 percent in April and 6.3 percent for the year to date—in large part due to the military's ongoing switch from naphtha jet fuel.

As for commercial air travel, increased load factors have enabled the industry to increase revenue passenger miles by about 3 percent so far this year without an increase in actual miles flown. The load factor in the first quarter of this year rose to 61 percent from 58 percent a year ago for domestic flights, according to Air Transport Association data, while for international flights it rose from 65 to 67 percent.

Much of the growth in kerosine jet fuel deliveries so far this year that cannot be attributed to cold-weather blending with distillate has no doubt been due to the ongoing military switch-over from naphtha jet. Without the military switch, deliveries of kerosine jet would have grown only an estimated 1 percent so far in 1994.

Deliveries of military-use naphtha jet fuel had for years amounted to roughly 200 thousand B/D, but have dwindled to only about 60 thousand B/D for the first four months of this year because of scaled-back military activity and the fuel switch. The West Coast, which had accounted for 40-50 thousand B/D of naphtha jet usage, was converted late last year. The transition for the East Coast-Gulf Coast region, which accounts for much of the remaining naphtha-jet consumption, officially began in April. Once that transition is completed in early June, roughly 80 percent or more of the conversion will have taken place.

Residual Fuel Oil

FIRST YEAR-TO-YEAR DECLINE IN SIX MONTHS.

Experiencing their first year-to-year decline in half a year, deliveries of residual fuel oil dropped 15.1 percent in April. This falloff contrasts with an increase of over 20 percent in the first quarter, when, demand was boosted by unusually cold weather and an ongoing fuel cost advantage compared with natural gas for electric utilities and industrial users.

Indicators suggest stronger underlying demand for resid than April's deliveries data indicate. Though resid prices edged up in April, they still presented an advantage versus natural gas to many utility and other users with switching capability, as they have since the middle of last year. Unusually warm weather in the Southeast, where roughly a third of utility resid consumption currently takes place, also boosted electricity demand there in April. It could well be that utilities, after rebuilding inventories in

February and March following the nearly 700 thousand B/D burn in January's cold snap—nearly twice the amount burned in a more mild January 1993—postponed some purchases in April in view of higher product prices.

Other Oils

UP NEARLY 5 PERCENT DURING APRIL.

Deliveries of "other oils" rose 4.9 percent in April. Combined with strong increases earlier in the year, due in part to the effects of unusually cold weather on LPG demand, the year-to-date deliveries increase works out to nearly 6 percent.

Given that the highest annual growth seen for "other oils" in past years, at its best, reached 4 percent in 1992, this year's year-to-date increase seems an unlikely indicator of the underlying trend in consumption. In fact, leaving out January's unusually large, weather-related increase of 15 percent, deliveries growth for "other oils" has averaged about 4 percent for the most recent three months. This appears closer to the likely trend in consumption growth.

SUPPLY

Production

BOTH ALASKAN AND LOWER 48 OUTPUT FALL.

In April, domestic crude oil production fell 3.8 percent, or about 260 thousand B/D, versus a year ago. Despite the facilities enhancements on the North Slope, technical problems there held down Alaskan production for the month. As a result, output in Alaska fell nearly 6 percent, or 94 thousand B/D versus last April. In the lower 48, crude oil output fell nearly 165 thousand B/D or more than 3 percent.

The latest drilling data have shown continued declines as well. First quarter well completions fell 20 percent from a year ago, with a more than 30 percent decline for gas completions. The decline for gas was mainly a reflection of the unusually strong completion activity in early 1993, a lagged effect from expiration of Section 29 credits for wells spudded before the end of 1992.

In fact, natural gas completions so far this year still exceeded oil completions, and were still ahead by 14 percent compared with two years ago. Furthermore, data on rig activity show a 15 percent increase for natural gas activity for the first quarter versus last year. Oil well completions for the first quarter declined more than 10 percent, to 1,826. This was the first quarter in recent memory for which oil completions have fallen below 2,000.

Imports

STRENGTHENING FOR CRUDE, SLACKENING FOR PRODUCTS

With the less-than-seasonal increase in inventories for April, import levels continued to trend upward more slowly than actual underlying requirements. Total imports increased 5.8 percent to over 8.8 million B/D, with most of the 482 thousand B/D year-to-year increase taking place in crude oil imports. Netting out the inventory draw, total imports as a percentage of domestic deliveries so far this year would have amounted to 52 percent, rather than the 48 percent calculated from actual import levels.

Crude oil imports have been progressively moving up from less than 6 million B/D in January to over 7 million B/D in April, and marked a 6.6 percent increase from a year ago for the month. Meanwhile, product imports have fallen from levels of nearly 2.2 million B/D in February—their highest monthly level in more than three years— down to 1.8 million B/D in April, but were still up slightly versus a year ago. From March to April alone, likely reflecting a lessening in the economic attractiveness of some foreign products, distillate imports fell from over 300 thousand B/D to just over 200 thousand B/D, and residual fuel oil imports fell from roughly 450 thousand B/D to recent-year low of 265 thousand B/D. Finished gasoline imports remained strong, however, at nearly 400 thousand B/D—roughly 150 thousand B/D higher than a year ago and up from March levels, as well.

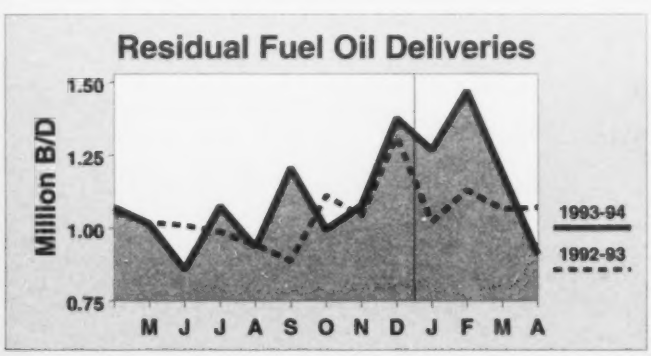
Refinery Operations

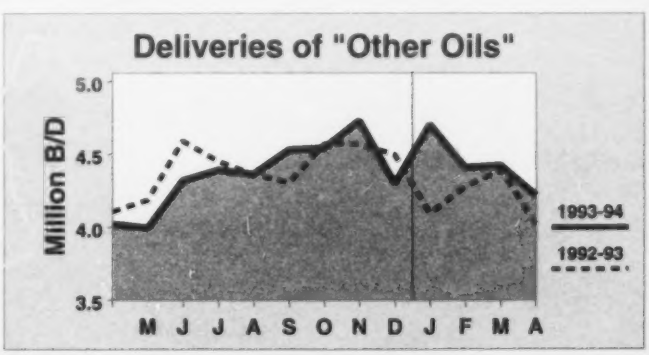
APRIL'S ACTIVITY BOUNCES BACK.

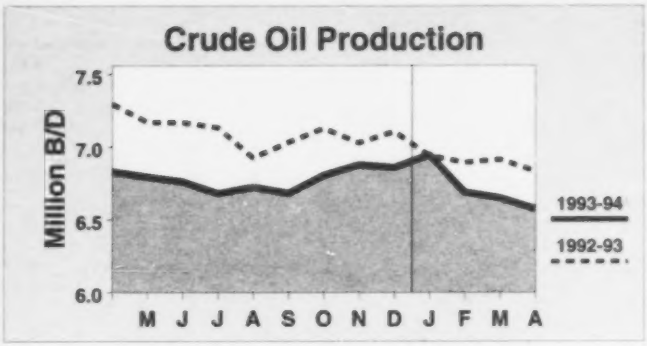
If overall U.S. refinery activity had taken a breather in March after an active winter season, it was ready to return to high operation levels again in April. Input to distillation units jumped to over 13.9 million B/D from 13.1 million B/D in March. Inputs marked a 1 percent gain over year-ago levels, as well, after March's roughly 3 percent year-to-year decline. Its highest rate in seven months, utilization averaged 92.5 percent for the month.

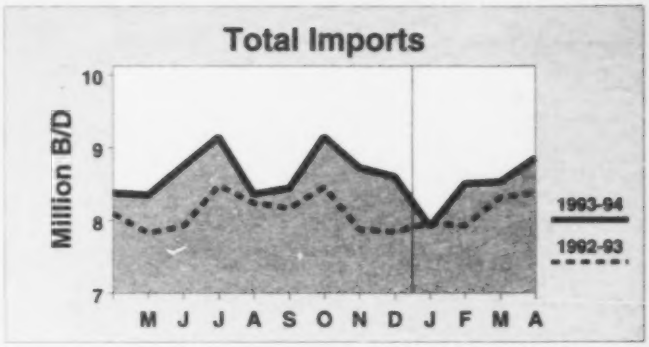
Gasoline output slipped slightly from a year ago, continuing for a fifth month its pattern of declines or only modest increases. Oxygenated gasoline accounted for 14 percent of production. With the EPA-mandated winter oxygenate season essentially behind, much of this was likely due to ethanol-blending downstream from refineries.

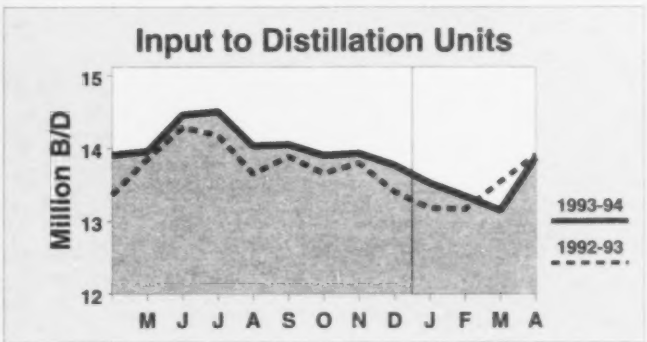
Distillate output in April nearly matched the unusually strong levels of a year earlier. Low-sulfur distillate production has risen from a mid-winter level of 1.4 million B/D, or over 45 percent of output, to nearly 1.9 million B/D, or 56 percent of refinery pro-

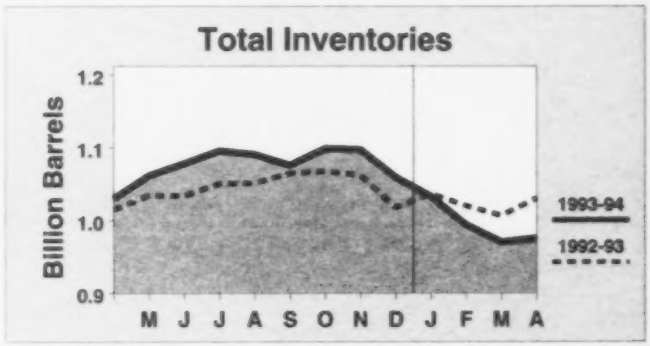












duction for April. While part of this increase went to supply seasonal increases in diesel demand, roughly a third of it went to building low-sulfur inventories.

Kerosine jet fuel production inched ahead by 0.9 percent from last April. Despite the extremely weak deliveries of resid in April, production of this product rose 1.5 percent for the month.

Inventories

TOTAL STOCKS REMAIN NEAR RECENT-YEAR LOW. From March to April, total inventories rose 5 million barrels—about 10 million barrels less than average for this time of year. With a month-end balance of 975 million barrels, inventories remained at among the lowest levels experienced in 20 years. This low level was mainly due to a lower estimated stock level for "other oils".

Crude stocks, rising marginally during April, ended the month at 338 million barrels. Although still at the low end of the range of recent past Aprils, this was more than 7 million barrels higher than the recent-month low reached at the end of February.

Rising 3 million barrels to 217 million barrels, gasoline inventories ended the month at a level only slightly below average for April. Distillate stocks increased 2 million barrels to 104 million barrels, higher than the 92 to 103 million barrel range of recent past years. However, part of this was undoubtedly due to higher minimum operating inventories caused by the need to keep high- and low-sulfur fuels segregated. With the heating season essentially past, stocks of high sulfur distillate declined to 49 million barrels. This was their lowest month-end level since the low-sulfur program began last October. Inventories of low sulfur diesel continued to build, to 55 million barrels from a winter-time low of 49 million barrels in January.

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ESTIMATED UNITED STATES PETROLEUM BALANCE[1]
(Daily average in thousands of 42 gallon barrels)

Disposition and Supply	April 1994[2]	April 1993[3]	% Change	Year-to-Date 1994[4]	Year-to-Date 1993[3]	% Change
Disposition:						
Total motor gasoline	7,565	7,401	2.2	7,273	7,167	1.5
Finished oxygenated	1,184	235[E]	403.8	1,805	918[E]	96.6
Finished reformulated	0	na	na	0	na	na
Finished other	6,381	7,166[E]	(11.0)	5,468	6,249[E]	(12.5)
Naphtha-jet	74	115	(35.7)	60	118	(49.2)
Kerosine-jet	1,402	1,278	9.7	1,427	1,342	6.3
Distillate fuel oil	3,085	2,949	4.6	3,424	3,237	5.8
≤ 0.05 percent sulfur	1,749	210[E]	732.9	1,665	351[E]	374.4
> 0.05 percent sulfur	1,336	2,739[E]	(51.2)	1,759	2,886[E]	(39.1)
Residual fuel oil	908	1,070	(15.1)	1,204	1,070	12.5
All other oils (including crude losses)	4,218	4,020	4.9	4,442	4,195	5.9
Reclassified[5]	-144	-160	na	-101	-113	na
Total domestic products supplied	17,108	16,673	2.6	17,729	17,016	4.2
Exports	1,015	1,067	(4.9)	960	1,050	(8.6)
Total disposition	18,123	17,740	2.2	18,689	18,066	3.5
Supply:						
Domestic liquids production:						
Crude oil (including condensate)	6,573	6,830	(3.8)	6,715	6,893	(2.6)
Natural gas liquids	1,700	1,790	(5.0)	1,648	1,769	(6.8)
Other supply[6]	1,175	1,536	(23.5)	1,184	1,359	(12.9)
Total domestic supply	9,448	10,156	(7.0)	9,547	10,021	(4.7)
Imports:						
Crude oil (excluding SPR imports)	7,019	6,586	6.6	6,423	6,383	0.6
From Canada	942	783	20.3	928	789	17.6
All other	6,077	5,803	4.7	5,495	5,594	(1.8)
Products	1,836	1,787	2.7	2,021	1,765	14.5
Residual fuel oil	265	377	(29.7)	448	360	24.4
All other	1,571	1,410	11.4	1,573	1,405	12.0
Total imports	8,855	8,373	5.8	8,444	8,148	3.6
Total supply	18,303	18,529	(1.2)	17,991	18,169	(1.0)
Stock change, all oils	+180	+789	na	-698	+103	na
Refinery Operations:						
Input to crude distillation units	13,907	13,773	1.0	13,480	13,414	0.5
Operable capacity	15,040	15,144	(0.7)	15,081	15,144	(0.4)
Refinery utilization[7]	92.5	91.0	na	89.4	88.6	na
Crude oil runs	13,707	13,512	1.4	13,237	13,169	0.5

	April 1994	March 1994	April 1993	% Change From Month Ago	% Change From Year ago
Stocks (at month-end, in millions of barrels):					
Crude oil (excluding SPR stocks)	337.6	337.0	349.1	0.2	(3.3)
Unfinished oils	99.6	102.8	101.9	(3.1)	(2.3)
Total motor gasoline	217.0	214.4	222.4	1.2	(2.4)
Finished oxygenated	5.6	9.9	11.3	(43.4)	(50.4)
Finished reformulated	0.0	0.0	na	na	na
Finished other	171.5	165.3	171.6	3.8	(0.1)
Blending components	39.9	39.2	39.5	1.8	1.0
Naphtha-jet	1.6	1.8	4.0	(11.1)	(60.0)
Kerosine-jet	36.9	34.9	37.3	5.7	(1.1)
Distillate fuel oil	104.0	101.7	98.3	2.3	5.8
≤ 0.05 percent sulfur	55.2	50.7	12.8	8.9	331.3
> 0.05 percent sulfur	48.8	51.0	85.5	(4.3)	(42.9)
Residual fuel oil	40.5	41.3	41.4	(1.9)	(2.2)
All other oils	138.2	136.1[R]	175.2	1.5	(21.1)
Total all oils	975.4	970.0[R]	1,029.6	0.6	(5.3)

1—Total supply, i.e., production plus imports adjusted for net stock change is equal to total disposition from primary storage. Total disposition from primary storage less exports equals total domestic products supplied. Information contained in this report is derived from information published in the API *Weekly Statistical Bulletin* and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions. **2**—Based on API estimated data converted to a monthly basis. **3**—Source: U.S. Energy Information Administration (including any adjustments). **4**—Data for most current two months are API estimates. Other data come from U.S. Energy Information Administration (including any adjustments). **5**—An adjustment to avoid double counting resulting from differences in product classifications among different refineries and blenders. **6**—Includes unaccounted-for crude oil, withdrawals from the SPR when they occur, processing gain, field production of other hydrocarbons and alcohol, and downstream blending of ethanol. **7**—Represents "Input to crude oil distillation units" as a percent of "Operable capacity". **R**—Revised. **E**—Estimated. **na**-Not available.